

529 INVESTMENT OVERVIEW

Fourth Quarter 2017

HIGHLIGHTS

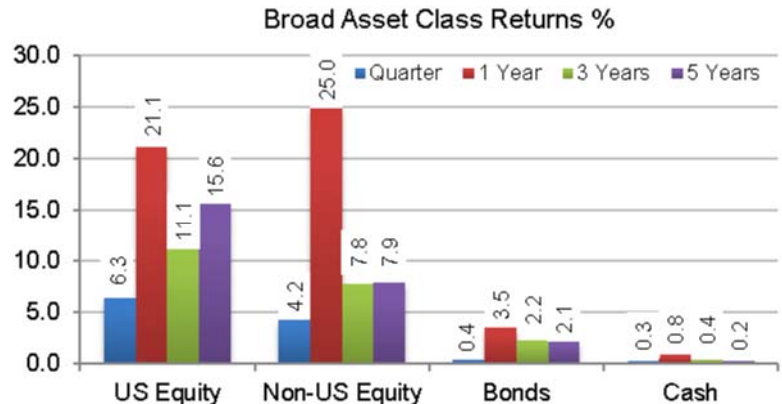
- Both US and Non-US Equity markets continued to advance, earning stronger returns over the fourth quarter.
- Bond market one-year returns jumped to 3.5% in the fourth quarter, an increase of 3.4% from the previous period.
- Non-US Equity returns were strong for the quarter, but were below Domestic Equity returns.
- While Median fourth quarter returns for all age-bands were positive, equity heavy age-bands posted higher return increases than those with a higher-bond orientation.
- On average, Direct-sold plans continue to provide better risk-adjusted returns than Advisor-sold plans, with the exception of the Age 19+ age-band.



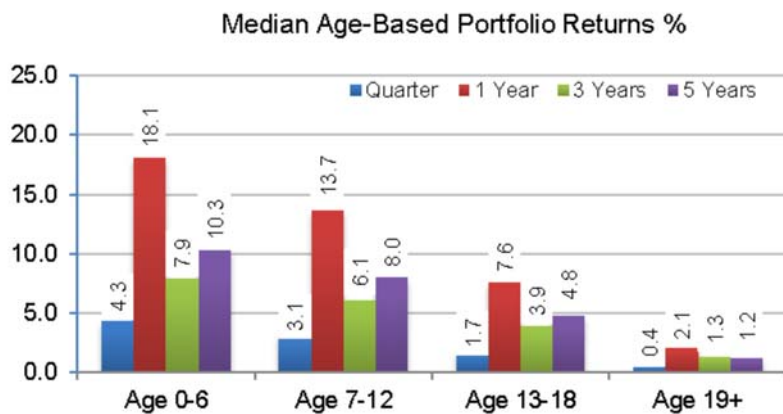
ASSET CLASS RETURNS

- US Equity returns increased during the fourth quarter.
- Non-US Equities returns dropped during the quarter, but remained strong.
- Bond returns decreased to (40) basis points for the quarter, but remained positive.
- Cash returns (and other short-term investments) continue to increase slightly compared to previous quarters.

Source: Morningstar Direct



MEDIAN AGE-BASED PORTFOLIO RETURNS

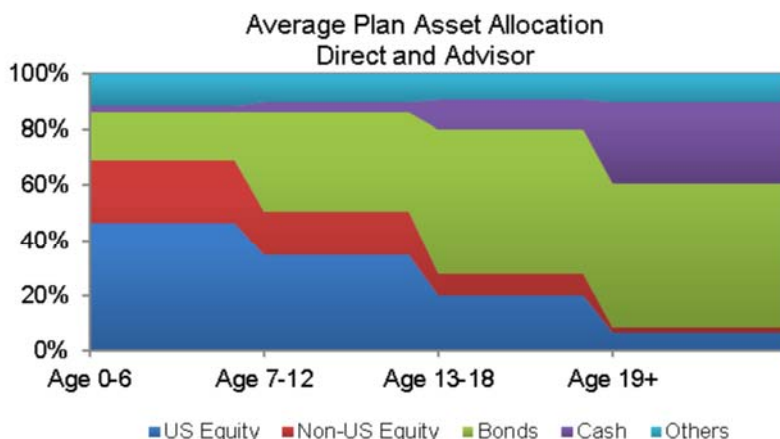


- Median returns remain positive for all age-bands over all periods measured.
- Quarterly returns increased for the Age 0-6 and Age 7-12 age-bands, while Age 19+ returns decreased slightly.
- 1-year returns for all age-bands increased compared to the previous quarter.
- 3- and 5-year returns increased for all age-bands compared to the previous quarter.

Source: Morningstar Direct

*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

AVERAGE PLAN ASSET ALLOCATION



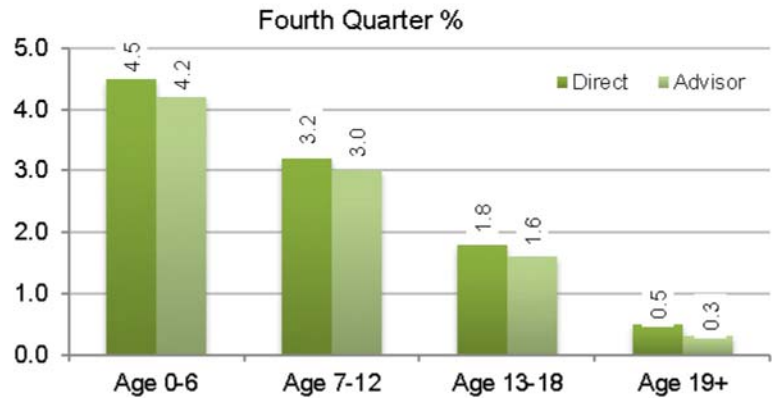
- The average plan (Direct and Advisor) has allocated approximately 69% to Equities (US and Non-US) in age-based portfolios between 0-6.
- The average Equity allocation is split between approximately 71% US and 29% Non-US throughout the entire glide path, reflecting a home bias.
- Median Equity exposure at Age 19+ increased slightly to approximately 8.3% from 8.2%.
- Median Age 19+ bond and cash exposures are 52% and 29%, respectively.

Source: Morningstar Direct

DIRECT vs. ADVISOR SOLD 3-MO. RETURN

- Quarterly median returns increased for the equity-heavy Age 0-6 age-band and remained relatively unchanged across the remaining age-bands.
- Both the Direct and Advisor Age 19+ age-band had lower median returns compared to the previous quarter.
- The Advisor-sold Age 0-6 age-band earned the largest median performance increase of 0.4%.
- The Advisor-sold Age 19+ median return decreased (0.2%) compared to the previous quarter, the largest decrease over all age-bands.

Source: Morningstar Direct

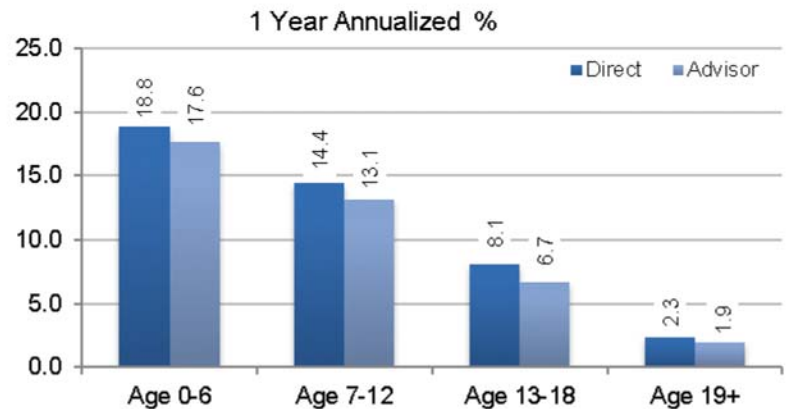


*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

DIRECT vs. ADVISOR SOLD 1 YEAR RETURN

- 1-year Advisor-sold median returns increased significantly for all age-bands.
- Direct-sold Age 0-6 age-band median return increased by 3.9% over the previous quarter.
- The median Direct-sold plan now outperforms Advisor-sold plans over all age-bands.
- The Advisor-sold Age 19+ age-band's 0.4% increase was the lowest over all age-bands.

Source: Morningstar Direct

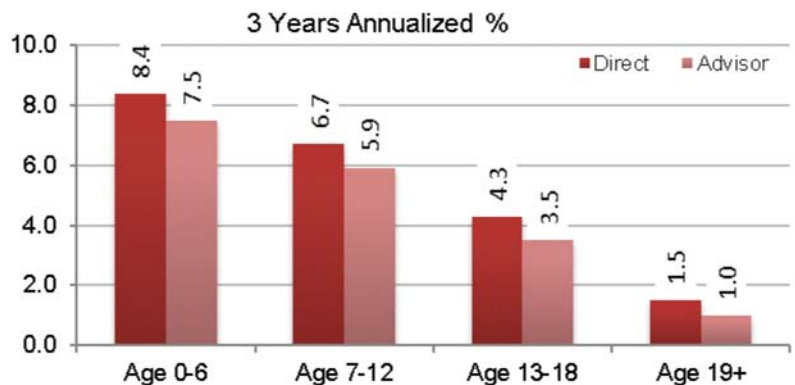


*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

DIRECT vs. ADVISOR SOLD 3 YEAR RETURN

- 3-year returns increased for all but the Age 19+ age-bands across both Advisor-sold and Direct-sold plans.
- Direct-sold plans continue to outperform the Advisor-sold plans over all age-bands.
- The Advisor-sold Age 0-6 age-band's median return saw the largest overall increase (0.8%).
- 3-year returns remain positive for all age-bands.
- Both the Direct- and Advisor-sold Age 19+ age-bands fell (10) basis points compared to last quarter.

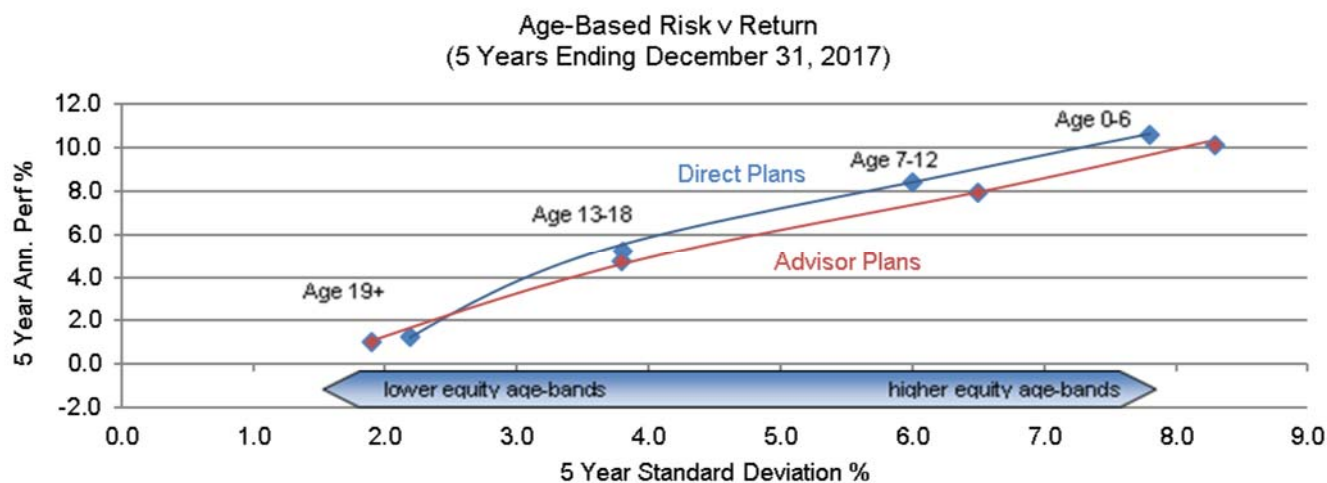
Source: Morningstar Direct



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DIRECT vs. ADVISOR SOLD RISK/RETURN 5 YR %

- Over the 5-year period, the Direct Plan Age 0-6 and 7-12 Age-bands produced better risk-adjusted results than their Advisor Plan counterparts.
- Both the Advisor-sold Age 13-18 and Age 19+ age-bands offer slightly lower returns with slightly less volatility.



*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges

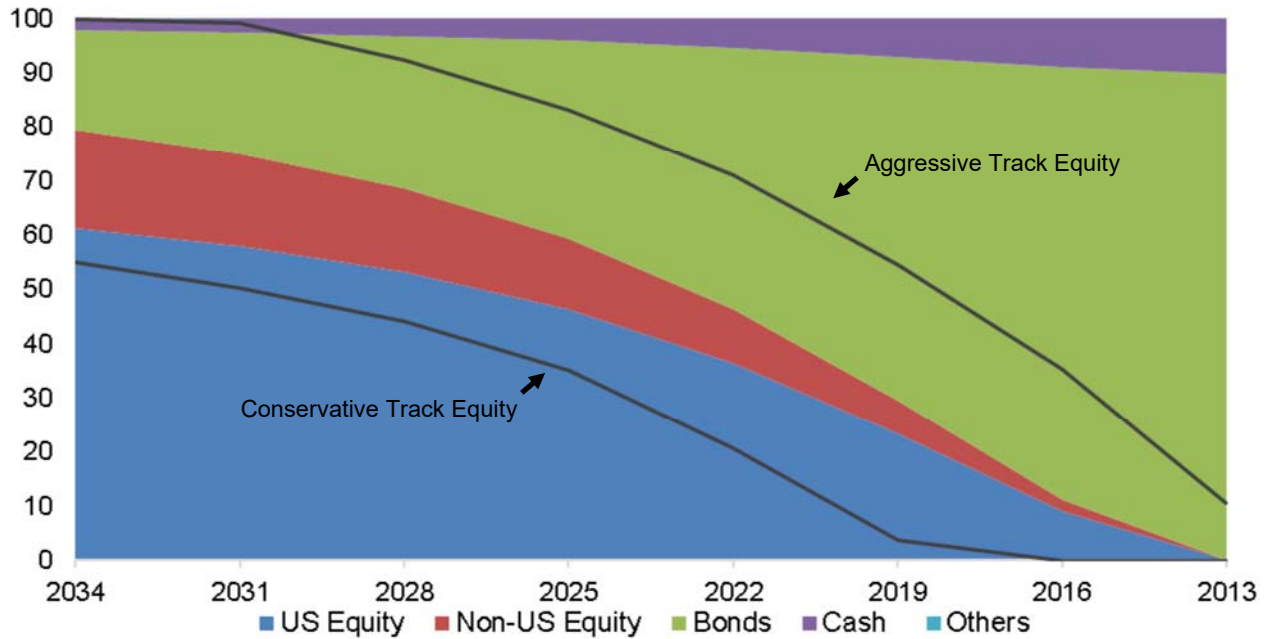
MARKET SUMMARY

SUMMARY STATISTICS	1 YEAR		3 YEAR		5 YEAR	
	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation
BROAD BENCHMARKS						
U.S. Equity (Russell 3000)	21.1	3.9	11.1	10.2	15.6	9.8
Non-U.S. Equity (MSCI EAFE NR)	25.0	4.2	7.8	12.0	7.9	11.7
Bonds (BC Aggregate Bond)	3.5	1.5	2.2	2.8	2.1	2.9
Cash (3-month T-Bills)	0.8	0.1	0.4	0.1	0.2	0.1
DIRECT SOLD PLANS (Median)						
Age 0-6	18.8	2.3	8.4	8.0	10.6	7.8
Age 7-12	14.4	1.7	6.7	6.1	8.4	6.0
Age 13-18	8.1	1.2	4.3	3.6	5.2	3.8
Age 19+	2.3	0.7	1.5	1.8	1.2	2.2
ADVISOR SOLD PLANS (Median)						
Age 0-6	17.6	2.5	7.5	8.6	10.1	8.3
Age 7-12	13.1	1.9	5.9	6.7	7.9	6.5
Age 13-18	6.7	1.1	3.5	3.7	4.7	3.8
Age 19+	1.9	0.7	1.0	1.4	1.0	1.9

Source: Morningstar Direct

*Returns are net of fees. Advisor Plan returns reflect

Morningstar 529 Benchmark Asset Allocation Moderate Track



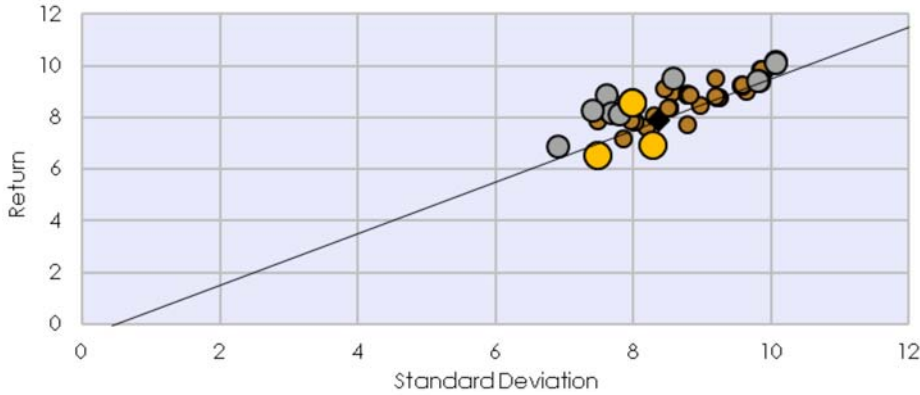
- Total allocations to equity increased when compared to previous quarters while Bond allocations decreased.
- Moderate Morningstar 529 benchmark allocations remain more equity-heavy at the 0-6 age-band than the average (Direct & Advisor) 529 plan, and more bond-heavy at the 19+ age-band.
- Morningstar benchmark allocations to Cash and Others Assets typically don't exceed 10% of total portfolio allocation, while the average Age 19+ portfolio allocates 29% to cash.

SUMMARY STATISTICS	1 YEAR		3 YEAR		5 YEAR	
	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation
Aggressive Track						
2034	20.6	3.2	10.1	9.8	13.3	9.5
2028	19.2	3.0	9.6	9.5	13.0	9.2
2022	15.2	2.3	8.0	7.6	10.9	7.6
2016	8.7	1.3	5.1	4.5	7.3	4.9
Moderate Track						
2034	16.6	2.5	8.5	7.8	11.0	7.6
2028	14.5	2.2	7.6	7.0	10.1	7.0
2022	10.6	1.6	5.9	5.2	8.1	5.5
2016	4.4	1.0	3.0	2.5	4.2	3.1
Conservative Track						
2034	11.9	1.7	6.5	5.4	8.1	5.4
2028	10.0	1.5	5.6	4.6	7.2	4.8
2022	6.0	1.1	3.8	3.1	5.0	3.5
2016	2.0	1.0	1.7	1.8	1.6	2.1

Source: Morningstar Direct

The following graphs highlight the risk-adjusted returns of the portfolios for the programs (Direct and Advisor) that earned medal ratings from Morningstar versus their respective peer median. Data set limited to include portfolios with current data available and moderate portfolios for programs with multiple tracks.

Key: ● Gold ● Silver ● Bronze ◆ Morningstar Median

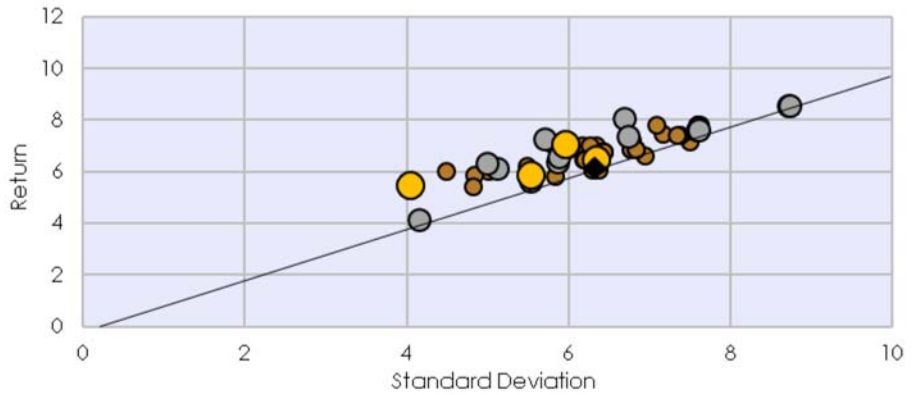


Ages 0-6

– Higher medal-rated Age 0-6 portfolios mostly have lower volatility than the median Age 0-6 portfolio.

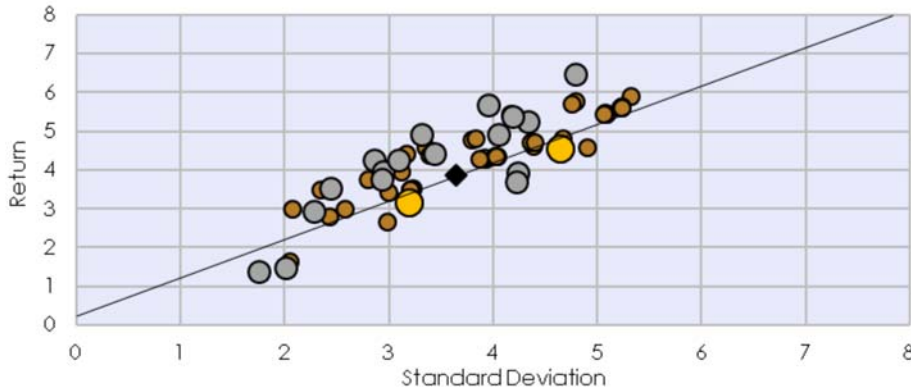
Ages 7-12

- Gold medal-rated Age 7-12 portfolios typically saw lower or similar volatility compared to the Median portfolio.
- Nearly all medal-rated portfolios earned risk-adjusted returns that were similar or better than the median portfolio.



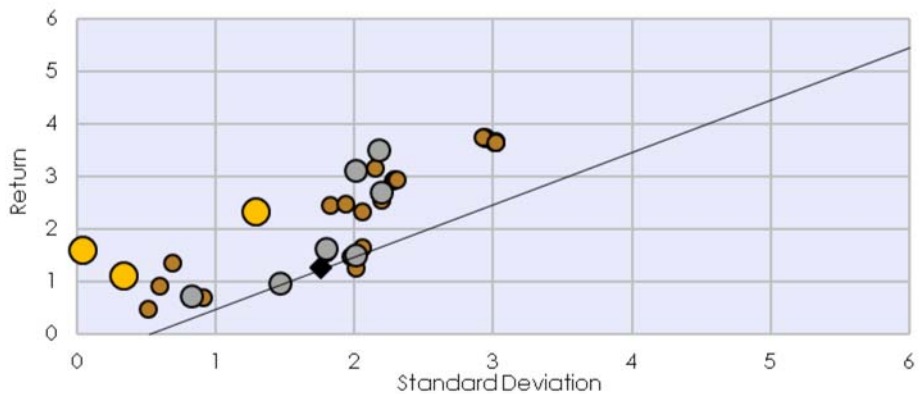
Ages 13-18

– Performance is more mixed for Age 13-18 medal-rated portfolios as many Silver and Gold-rated plans earned lower risk-adjusted returns than the median portfolio.



Ages 19+

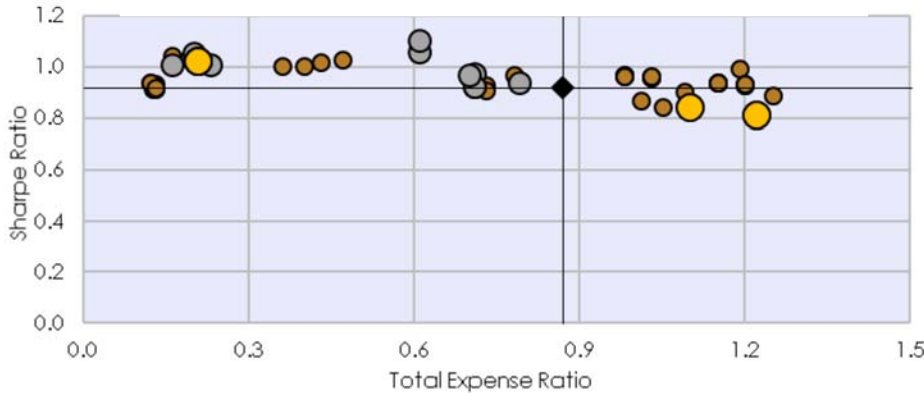
- Nearly all Age 19+ medal-rated portfolios have either higher returns or lower volatility than the median Age 19+ portfolio.



Source: Morningstar Direct

The following graphs highlight the risk-adjusted performance of the portfolios relative to their overall fees for the programs (Direct and Advisor) that earned medal ratings from Morningstar versus their respective peer median. Data set limited to include portfolios with current data available and moderate portfolios for programs with multiple tracks.

Key: ● Gold ● Silver ● Bronze ◆ Morninstar Median

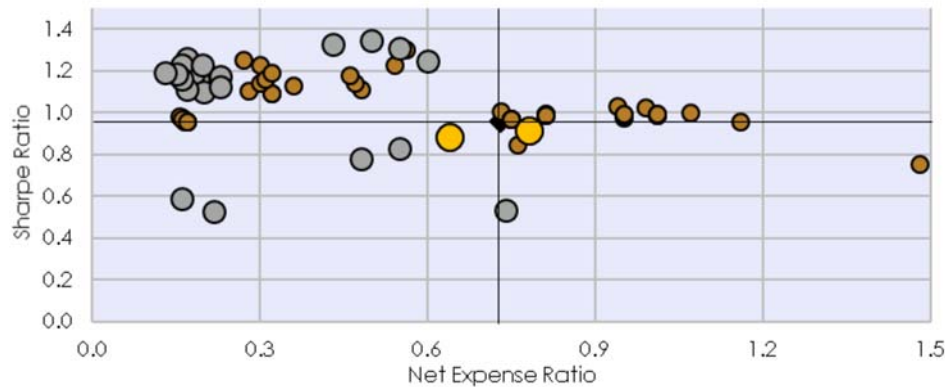
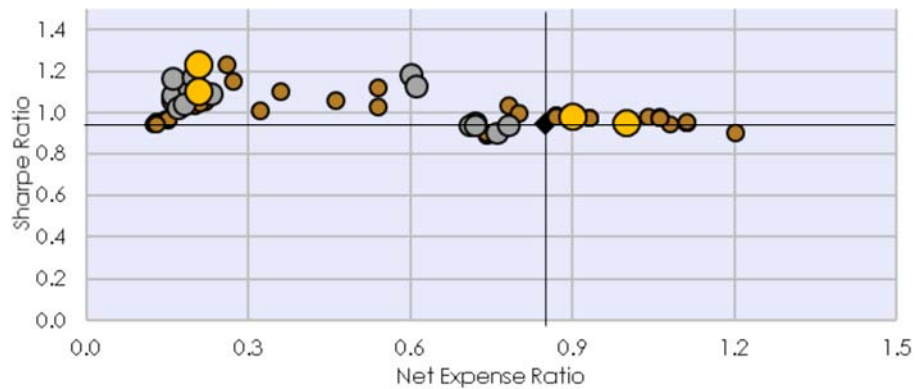


Ages 0-6

– Age 0-6 medal-rated portfolio performance is more mixed as many medal-rated portfolios have higher expenses and lower Sharpe ratios than the median portfolio.

Ages 7-12

– Nearly all medal-rated Age 7-12 portfolios have Sharpe ratios at, or above, the overall median portfolio.

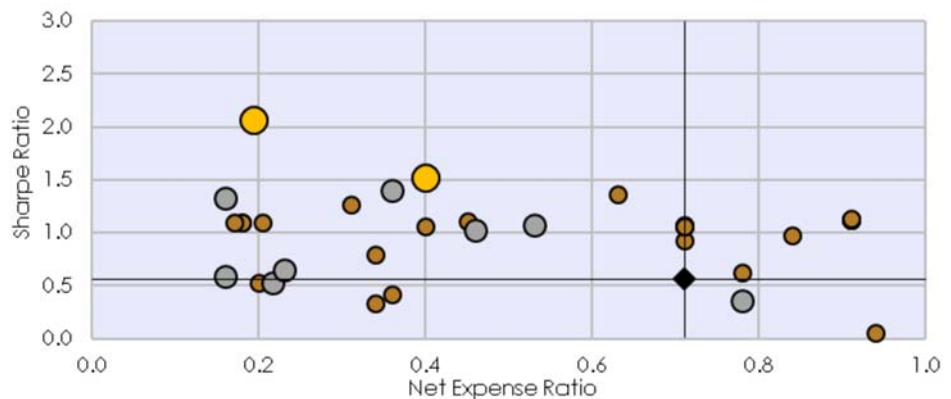


Ages 13-18

– Many Age13-18 medal-rated portfolios have either lower Sharpe ratios or higher expenses than the median portfolio.

Ages 19+

– Only two Age 19+ portfolios has both a lower Sharpe ratio and a higher net expense ratio than the overall median portfolio.



Source: Morningstar Direct

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